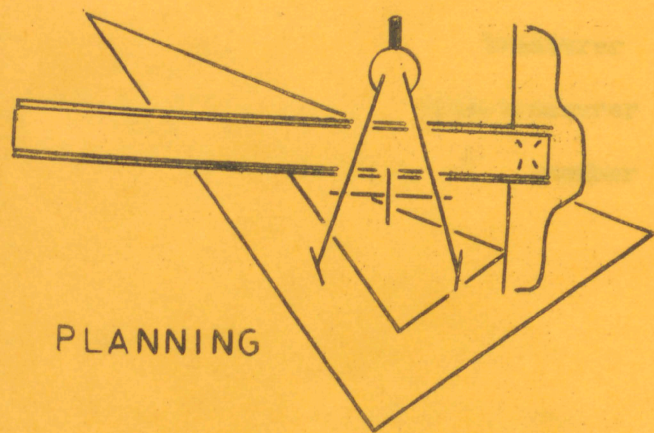
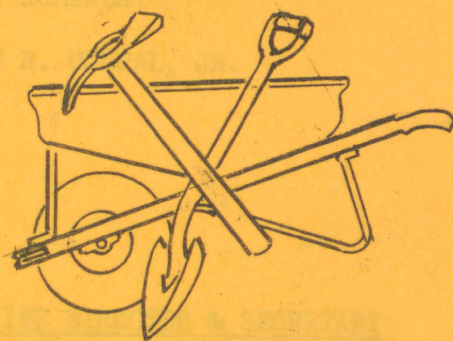


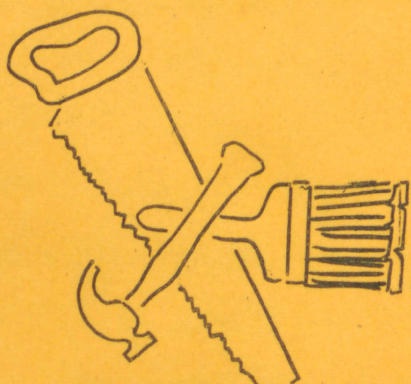
URBAN RENEWAL RELOCATION GUIDE



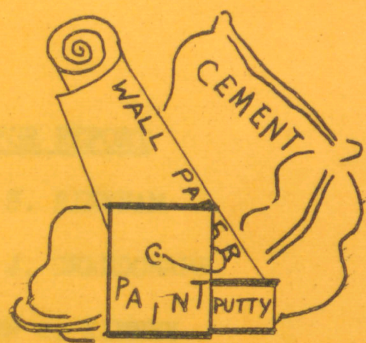
PLANNING



CLEARANCE



REHABILITATION



CONSERVATION

A NEW WAY TO END
SLUMS AND BLIGHT

BANGOR URBAN RENEWAL AUTHORITY
CITY HALL
BANGOR, MAINE

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STAFF FOR REPORT

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DATED

AUGUST 1960

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PART I

THE PROBLEM AND THE PROCESS

One of the major objectives of Urban Renewal in Bangor will be to provide suitable, safe, decent and sanitary housing in well-planned and maintained neighborhoods. The removal of substandard structures is not enough. Definite efforts must be made to raise the quality of living accommodations as well as the homemaking habits and aspirations of those segments of the population who now are living or formerly have lived in slum settings. A cooperative endeavor among public agencies, home builders, realtors, civic groups and others is involved.

A Relocation Office will be established in the Stillwater Park Area to afford maximum accessibility to project site occupants. The office will be situated in a building slated for demolition in the final stage of the Relocation Program and will serve as a clearing house for information and service to site occupants. The Relocation Staff will work out of this office aiding in the social, psychological and physical adjustments required of families in their transition from one area of living, and one pattern of habits to another.

A schedule for procedures in interviewing, orientation, and education will have been developed and appropriate forms will be printed in order to carry out the program. Initially, a Site Occupant Survey will have been conducted to enable the Staff to evaluate the number and kinds of families with whom they would have to establish contact and rapport. Thirty to sixty days before each property is acquired by the Bangor Urban Renewal Authority, the Relocation Staff will begin a series of intensive interviews to determine the housing needs and preferences of the residential tenants, as well as commercial site occupants.

The Relocation Staff understands the impact of relocation on individuals and families. It will be a function of this Staff to ease the sometimes traumatic transition from slum and blighted areas to standard, decent, safe and sanitary housing. In this regards, the importance of gaining the confidence of site occupants has

already been realized. This confidence will be maintained in each relationship with families by honest answers to all questions concerning relocation assistance and by advising families of the true picture of the schedule for Project Development and Demolition.

Relocation means different things to various people. It means for some an end to a way of life to which they and their forebearers have spent years adjusting, and the destruction of habit patterns, family associations, and neighborhood ties. To others, it is the beginning of a new way of life. It means a chance to move along and up in society, and presents an opportunity to get out of the doldrums of low economic neighborhood and to develop friends and associations in other areas of the city. Redevelopment will cause a speed-up in the normal sociological changes that take place over a period of time in a city like Bangor.

RELOCATION PROCEDURES

These procedures have been tested and formalized with basis in the experience realized by successful Relocation Staffs in other areas of the country. The functions of the Relocation Office of the Bangor Urban Renewal Authority are summarized as follows:

1. Operate as a Tenant Relocation and Tenant Information Center. This will include the distribution of all notices and informational bulletins, and the furnishing of general information and assistance to site occupants.
2. Conduct Site Occupant Survey for the performance of the above enumerated
3. Schedule the relocation of all site occupants in coordination with the schedules of acquisition and demolition.
4. Maintain liaison with the proposed Bangor Housing Authority regarding families and individuals eligible for low-rent or moderate rental Public Housing.
5. Keep track of any Relocation Housing built under F.H.A. Section 221 - Program for the Referral of Tenants.

PART I

6. Locate private housing accommodations for families and individuals ineligible for Public Housing (if any) in cooperation with local realtors, property owners and property management agents. Make constant contacts with these real estate organizations and individual owners in order to mobilize vacancies as they occur and make them available to relocatees. Maintain good relations with property owners.
 7. Initiate inspection and certification of available vacancies in Private Housing.
 8. Assist commercial concerns to find suitable accommodations.
 9. Process applications for relocation payments in accordance with applicable Federal and State Regulations.
 10. Manage, maintain and collect rents from acquired properties.
 11. Work out permanent relationships with the courts, with social agencies, neighborhood councils, churches and the press.
 12. Encourage direct and sympathetic relationship between Relocator and those displaced. Establish a feeling of trust and confidence in the people to be relocated.
 13. Frequent informal group meetings of those displaced enabling them to question Relocating Officials and receive responsive answers.
 14. Maintain all necessary records for the performance of the above enumerated functions and submit reports to the Bangor Urban Renewal Authority.
- Compile detailed case histories for each displaced family. The histories should take into account all factors pertaining to the well being of the families. These factors include the number of persons, the income, and the social and psychological elements hindering or facilitating a displaced person's susceptibility to resettlement guidance.

PART I

15. Seek support of political, church, and neighborhood associations through continuous release of information describing details of site clearance and its need in the community enlisting individuals and groups of the community in the common effort.

The initial step in effectuating a Relocation Program is the development of a Relocation Plan based on the above outline of Relocation Office Functions. This plan will be checked by the Relocation Supervisor with the appropriate officials directing the Public Acquisition Program. The next step is to launch an intensive city-wide Public Relations and Information Program beginning several months prior to the acquisition of property and persisting throughout the entire Relocation Program. All media of mass communications will be utilized, including newspapers, magazines, pamphlets and "throw aways", radio, television, and talks before various groups supplemented by audio-visual aids. The objectives of this effort will be to:

- A. Disseminate information concerning the operations and objectives of the Relocation Program.
- B. Obtain support for effectuating the Relocation Plan.
- C. Interest potential redevelopers in the Redevelopment Program.

In addition, a continuous program will be in effect in the Project Area to inform site occupants of the impending demolition of structures, the plans of the Bangor Urban Renewal Authority, and the rights and responsibilities of site occupants with respect to relocation. The Relocation Staff will contact site occupants periodically during the Relocation Process. Each site occupant will be contacted at the time of the Site Occupant Survey--used to identify the occupants of each property to be acquired and to determine their rehousing needs and resources. A second contact will be made, at the time of Public Acquisition of Project Property, to deliver an information statement explaining the relocation process and assistance available. Additional interviews will be scheduled as the need arises

PART I

and as often as circumstances require.

It is the responsibility of the Relocation Staff to assist in finding suitable housing sources and to certify the quality of such. The Staff will certify each privately owned vacant dwelling unit as to its suitability for permanent relocation accommodations for families displaced from the Project Area. Such certification will insure that the accommodations conform to the requirements of Section 105 of the Housing Act of 1949, as amended, and Chapter 93 of the Maine Revised Statutes of 1954.

To accomplish this purpose, a program of Pre-occupancy Inspection will be conducted on a room-to-room basis, using standard American Public Housing Authority survey techniques covering the interior and exterior conditions of the structure, maintenance of the dwelling unit and its plumbing and heating facilities, sanitation, fire hazards, and an evaluation of the surrounding environment. The Relocation Office will initiate such inspections of all private housing vacancies available for referral. A Housing Inspection Report will be used to certify relocation accommodations as permanent, standard-temporary, or sub-standard in accordance with criteria established by the Federal Housing and Home Finance Agency, and the Housing Code of the City of Bangor. The Relocation Staff will be well acquainted with the Housing Code and understand inspection procedures.

of structures, the plans of the Bangor Urban Renewal Authority, and the rights and responsibilities of site occupants with respect to relocation. The Relocation Staff will contact site occupants periodically during the Relocation Process. Each site occupant will be contacted at the time of the Site Occupant Survey--used to identify the occupants of each property to be acquired and to determine their relocation needs and resources. A second contact will be made, at the time of Public Acquisition of Project Property, to deliver an information statement explaining the relocation process and assistance available. Additional later will be scheduled as the need arises

PART II
THE TOOLS

The Relocation Staff will make determinations for rental housing, with respect to ability to pay, based primarily on family income information received at the time of the Site Occupant Survey. Amounts of rent which families can pay will be estimated using family size and total income as a guide. Rent paying ability will be computed on the basis of 25% of the total family income. Such a standard compares favorably with the ratio used to determine rent to be paid for Public Housing all over the country. For determinations relative to ability to purchase sales housing, family income, assets, and debts will be evaluated in relation to monthly carrying charges on principal, interest, taxes, and insurance and the family's ability to obtain mortgage financing.

Relocation Housing will be sought within the city limits of Bangor. This policy is consistent with the Federal Redevelopment Relocation Requirement that permanent rehousing accommodations should be relocated within a reasonable distance of places of employment and community facilities. There are three major sources of housing to be utilized in relocating families to be displaced from Public Acquisition Areas:

- A. Federally-aided low-rent housing.
- B. State-aided moderate rental housing.
- C. Private ownership and rental housing (including that under F.H.A. Section 221 Sponsorship).

Analysis of newspaper "For Rent" and "Sale Housing" advertisements will be compiled periodically by the Relocation Staff, which along with reconnaissance vacancy surveys, information on vacancies from the post office, possibly the Bangor Hydro-Electric Company's survey, and interviews with realtors will provide an up-to-date review of the existing vacancies and any involved trends. Thus, the Relocation Staff is able to project the extent to which the supply of existing housing

PART II

THE TOOLS

is likely to meet the characteristics of the demand for housing by relocatees.

It is encouraging to note increasing builder interest to expand the supply of housing. A revision of the National Housing Act, during the 1959 Session of Congress, now permits construction on sites with as few as four units. This change opens up a new avenue. It enhances the possibility of dispersing relocated families throughout all sections of the city.

New housing, provided and planned by private enterprise under the Section 221 Program, must meet all standards established by the Federal Housing Administration and the Local Building Code.

The application of Section 221 financing to rehabilitation housing in the hope of providing reasonable rentals in existing structures for relocatees should be given close attention.

Interested private groups should act to form non-profit corporations to build housing for low income and elderly families in accordance with Federal Statutes (Section 207) under the auspices of the Federal Housing Administration. Any religious or civic group can participate in this program, just so long as it is "non-profit".

B. State-aided moderate rental housing.

C. Private ownership and rental housing (including that under

F.H.A. Section 221 Sponsorship).

Analysis of newspaper "For Rent" and "Sale Housing" advertisements will be compiled periodically by the Relocation Staff, which along with reconnaissance vacancy surveys, information on vacancies from the post office, possibly the Denver Hydro-Electric Company's survey, and interviews with realtors will provide an up-to-date review of the existing vacancies and any involved trends. Thus, the Relocation Staff is able to project the extent to which the supply of existing housing

PART OF II
PUBLIC HOUSING

To provide Federal Aid to communities to construct and operate low-rent housing for low-income families who can't afford to pay enough to cause private enterprise to build an adequate supply of decent, safe, and sanitary dwellings for their use, the United States Housing Act was passed in 1937. In the development of this low-rent housing, it shall be a national policy to make adequate provision for larger families and for families consisting of elderly persons.

A family must, in addition to being in the lowest income group, consist of two or more persons, a single person who has attained retirement age or who has attained the age of fifty and is under a disability, or the remaining member of a tenant family. Elderly families who are entitled to special preferences and are specially designed units are families the head (or his spouse) of which has attained retirement age or has attained the age of fifty and is under a disability. A low-income family must also meet local and state income limitations.

Need for Public Housing is determined locally and must be justified by the Local Housing Authority. After the need has been determined, the Housing Authority may apply to Public Housing Authority for federal assistance.

Local Housing Authorities are agencies created under State enabling legislation and authorized to develop and operate low-rent housing. The authorities are governed by Commissioners (usually five) who are appointed by the mayor or local governing body. They generally serve without pay. Forty-six States, the District of Columbia, Puerto Rico, and the Virgin Islands have laws enabling their local Housing authorities to develop and operate federally aided low-rent housing. Only Iowa, Utah, Wyoming, and Oklahoma have not yet enacted Public Housing Laws.

The Housing Act of 1959, stated that it is the policy of the United States to vest, in Local Housing Authorities, a maximum amount of responsibility in the adminis-

PART OF II
PUBLIC HOUSING

tration of the low-rent housing program, including responsibility for establishment of rents and eligibility requirements (subject to approval of the Public Housing Authority), with due consideration to accomplishing the objectives of the United States Housing Act while effecting economics.

Official approval by the Local Governing Body, such as the City Council or similar agency, is a pre-requisite for federal aid, and is required when the Authority and when the governing body enters into the cooperation agreement with the Housing Authority. This agreement provides for tax exemption for projects, payment in lieu of taxes by the Housing Authority, elimination of an equivalent number of substandard housing units in the locality, and furnishing of municipal services and facilities to the project. The Authority acts throughout as a non-profit Public Agency. It builds, owns, and operates the projects, sets rents, selects eligible families, and takes care of repairs.

Although State Housing Laws exempt low-rent housing from local taxes, Housing Authorities make payments in lieu of taxes up to ten percent of shelter rents. These payments are made so that low-rent housing will bear an equitable share of the cost of usual municipal services.

Private enterprise plays a considerable part in low-rent Public Housing. Land for projects is acquired by the Housing Authority from private owners at fair market prices. Private architects and engineers design, draw the plans, and write the specifications for the housing. All construction is by private contractors on the basis of competitive bids, under the supervision of the Housing Authority. The project is financed almost entirely by borrowings from private bankers and investors.

Before a new contract for annual contributions for any low-rent Public Housing units may be entered into, the locality must have a Workable Program for the prevention and elimination of slums and blight, approved by the Housing and Home Finance

PART OF II
PUBLIC HOUSING

Administrator.

Section 220

Federal Financial Aid to Housing Authorities takes two forms: (1) Loans to Help Pay Development and Construction Costs of Public Housing and, (2) Annual Contributions To Permit Operation at Rents Within the Means of Low-income Families.

When a project is substantially completed, the Local Housing Authority sells its long term bonds to private investors. The proceeds from the sale are then used to repay all loans from the Federal Government, plus accrued interest. Money obtained through the sale of bonds is protected by Public Housing Authority's agreement to pay annual contributions. The amount of the maximum annual contribution is limited to a percentage of the project's development cost but is sufficient to pay the debt service (amortization plus interest). This maximum contribution is reduced each year by the amount of funds which the Authority has available from income after meeting operating expenses, exclusive of debt service. Public Housing Authority also furnishes technical advice to Housing Authorities and reviews local procedures for conformity with the law.

The average weekly income of families admitted to a project area should be about \$41.00. Gross rents for families, including charges for heat, light, cooking fuel, and other utilities, should average \$37.00 a month.

the locality is committed in the Urban Renewal Plan will be carried out successfully. Under the Housing Amendments of 1955, the amount of the mortgage on new construction may be based on replacement cost.

Section 220 thus makes possible larger loans and smaller equity investment by private capital than would normally be possible under conventional lending practices.

Under this section, F.H.A. can insure mortgages in an approved urban renewal area for any new residential construction, including houses and apartment buildings, and for the purchase or refinancing of existing houses or apartment structures that are to be rehabilitated.

PART OF II

"THE TOOLS"

Administrator.

Section 220

"Under its regular procedures, it has not been feasible for the F.H.A. to insure properties where blighting influences threatened the soundness of the loans. Section 220, however, authorizes the F.H.A. to insure mortgages that meet its requirements in blighted areas for which the Housing and Home Finance Agency Administrator has certified approval of an urban renewal plan. When completed, the plan will assure the future stability of the area.

Blight sets in motion a vicious circle. As some are allowed to deteriorate, the value of neighboring properties is dragged down as well, and investment in maintaining and improving these properties dries up.

But an Urban Renewal Plan, adopted by the city and accepted by the Federal Government for Urban Renewal Assistance, provides an assurance that the area as a whole will be restored to sound economic health. To encourage private investment in these renewal areas, Section 220 provides for F.H.A. mortgage insurance on a liberal basis not available under other F.H.A. programs.

This section permits the F.H.A., on certification of the area by the Housing and Home Finance Agency Administrator, to evaluate the risk on the favorable assumption that the specific neighborhood improvements to which the locality is committed in the Urban Renewal Plan will be carried out successfully. Under the Housing Amendments of 1955, the amount of the mortgage on new construction may be based on replacement cost.

Section 220 thus makes possible larger loans and smaller equity investment by private capital than would normally be possible under conventional lending practices.

Under this section, F.H.A. can insure mortgages in an approved urban renewal area for any new residential construction, including houses and apartment buildings, and for the purchase or refinancing of existing houses or apartment structures that are to be rehabilitated.

PART OF II

"THE TOOLS"

Section 220

Section 220 mortgage insurance is available for investors, builders, and developers, and for individual homeowners who want to rehabilitate their own dwellings.

Under most F.H.A. mortgage insurance programs, the developer or property owner initiates his own undertaking, and applies, through lending channels, for F.H.A. mortgage insurance.

Under Section 220, however, as can be seen, the initiative and planning to qualify the area must come first from the local government--through its designated responsible officials or the local agency organized to carry out its urban renewal work. The private participant cannot proceed until the community has acted.

Accordingly, the private participant must take two steps: (1) through the local redevelopment agency, he must determine that the work he wants to do is within an urban renewal area that has been, or will be, certified for Section 220 assistance; and (2) he must, as in other F.H.A. mortgage insurance programs, establish that his undertaking meets specific mortgage requirements of F.H.A. for the construction or rehabilitation he wishes to undertake.

Planning for the future of the housing, for which Federal advances can be made, is carried out by the city government or its local redevelopment agency before it enters into a firm contract for Federal assistance and actual operations begin. Where land acquisition and clearance are involved, the development of the project will usually be well publicized, and potential investors sought and consulted, since the local agency itself will eventually dispose of the land to private ownership. Where rehabilitation is involved; however, and most of the area continues in private ownership, more of the initiative will rest on property owners, investors, and builders, since the city or designated local agency will be primarily concerned with re-planning of the area and encouraging organized rehabilitation by owners of existing property and through the coordinated efforts of investors and builders.

PART OF II

"THE TOOLS"

Section 220

It will be to the benefit of the project and the interested participant; therefore, to consult with the executive head of the local government or with the local agency during the planning stage concerning the practical considerations and possibilities involved in later redevelopment or rehabilitation.

The private participant in the renewal of an approved area will usually be concerned with one of three opportunities:

Where an area is cleared and resold by the agency, this will involve the acquisition of the land by the private developer at its fair value for the new uses, and its redevelopment for private use in accordance with the urban renewal plan.

Where part or all of the area is to be rehabilitated, it will involve either (a) performance of rehabilitation work by builders for existing or other owners in line with the urban renewal plan, or (b) acquisition from private owners of properties in the area and their rehabilitation by private funds either for rental or for sale.

In either case, early consultation with the appropriate local officials and cooperative effort among investors and builders interested in these renewal opportunities will be important to the success of the project and to the full realization of opportunities for private investment under the renewal program.

Consultation between private participants and the local agency will not only help assure the successful carrying out of the renewal plan, but it will also enable developers and investors to advise the agency on areas that they believe can be successfully rehabilitated, so that they can be considered as possible renewal projects that can be replanned and qualified for Section 220 assistance.

In general, Section 220 adapts to urban renewal requirements the terms authorized for other areas for home mortgage insurance under Section 203, and for multi-family rental housing under Section 207.

PART OF II

"THE TOOLS"

Section 220

The principal difference is that F.H.A., under Section 220, can take into account the future development of the area under the Urban Renewal plan as its basis for accepting the mortgage risk in the area.

The terms applicable under Section 220, as with other F.H.A. mortgage sections, may under special conditions be limited by the F.H.A. Commissioner to less than the maximums permitted by law, and any such limitation in effect at a particular period can be determined from a lending institution or the F.H.A. field office. The maximum terms authorized for Section 220 by law are as follows:

HOME-MORTGAGE FINANCING: When the mortgager is the owner-occupant, mortgage amounts for proposed construction are limited to 95 percent of the first \$9,000 of estimated replacement cost, plus 75 percent of the portion over \$9,000. For existing construction and housing to be rehabilitated, the limit is 90 percent of estimated value on the first \$9,000 and 75 percent of the portion over \$9,000. Operative builders are limited to 85 percent of the mortgage amounts authorized for an owner-occupant.

Top limitations for one- or two-family residences, three-family residences, or four-family residences are \$20,000, \$27,500, and \$35,000, respectively. For each additional family unit in excess of four, up to a maximum of eleven, \$7,000 is added to the four-family limitation of \$35,000.

Loans for home-mortgage financing may be for as long as 30 years or three-quarters of the remaining economic life of the property, whichever is shorter.

RENTAL-UNIT FINANCING: Under Section 220, F.H.A. will insure a loan for the construction or rehabilitation of rental structures containing five or more family units, up to 90 percent of the estimated value of a rehabilitated building or of the replacement cost of a newly constructed one.

PART OF II
"THE TOOLS"

Section 220

On a per-room basis, the mortgage limitation is \$2,250 for walk-up apartments, and up to \$2,700 for elevator buildings. For projects averaging less than four rooms per unit, the unit limitation is \$8,100 for walk-ups, and may be as high as \$8,400 for elevator structures.

These limitations may be increased up to \$1,000 additional per room in localities designated as high-cost areas by the F.H.A. Commissioner.

The term for mortgages for rental structures is determined by the F.H.A. Commissioner. The maximum amount for any one commitment is \$12,500,000 to a private developer and \$50,000,000 to a public mortgagor".

PART OF II

F.H.A. Section 221

"Section 221 is a mortgage insurance program of the Federal Government under a special section of the National Housing Act to help private industry provide low-cost relocation housing for sale or rent, through new or existing construction. The program authorizes liberal terms for private financing of low-cost relocation housing for eligible displaced families and offers attractive opportunities for builders and lenders to participate in this undertaking.

The most favorable terms generally available under the National Housing Act may be obtained under Section 221 for the purchase of low-cost homes.

The mortgage loan may be 100 percent of F.H.A. appraised value, with a maximum of \$9,000 for any dwelling (\$12,000--changed in 1959--in high-cost areas). The maximum mortgage maturity is 40 years. Eligible buyers of single family homes need put up only \$200 down payment, any or all of which may be used to cover closing costs. If the \$200 cannot be raised at the outset, the seller may work out a short-term deferred payment arrangement for the displaced family.

The advantages to the builder are the need for low-cost relocation housing, the availability of liberal terms, and the Federal National Mortgage Association special assistance to lenders, described below, provide reasonable assurance of marketability of both houses and mortgages.

The advantages to the lender are that the Federal National Mortgage Association is authorized under its special assistance program to purchase or make advance commitments to purchase within the limits of its authorization mortgages insured under Section 221. Federal National Mortgage Association will make advance commitments to buy Section 221 mortgages for a one percent commitment charge. A one-half percent purchasing and marketing fee also is levied. Mortgage sellers are not required to purchase capital stock of Federal National Mortgage Association when selling 221 mortgages.

PART OF II

F.H.A. Section 221

The allowable interest rate on 221 mortgages is $5\frac{1}{4}$ percent, plus F.H.A.'s standard one-half percent mortgage insurance premium. On mortgages of \$8,000 or under an additional one-half percent service charge also is permitted to be assessed against the borrower.

Section 221 is applicable when the Administrator of the Housing and Home Finance Agency finds that a need exists for low-cost housing, new and used, for the relocation of families who are displaced as a result of urban renewal or other governmental activities and makes a certification of need to the Commissioner of the Federal Housing Administration.

A community is eligible for 221 housing assistance under these conditions: if it has a federally approved Workable Program for elimination of slums and blight; or if it has an approved urban renewal project that is part of its recovery from a major disaster; received approval for Federal aid before August 2, 1954.

By adopting a Workable Program, communities can become eligible for 221 as well as an official plan of municipal action for long-range community betterment to be approved by the Housing Administrator and by demonstrating the need to rehouse families displaced by governmental action.

The eligible community goes through these steps: (1) The mayor submits a written request to the F.H.A. insuring office for 221 assistance. (2) At the same time or subsequently the mayor writes to the Housing and Home Finance Agency Regional Office setting forth the number of relocation dwelling units needed and the basis for the need. This also identifies the number and characteristics of families to be displaced.

Help is available to communities in preparing these documents. Housing and Home Finance Agency Regional Offices will assist cities in preparing submissions.

F.H.A. Section 221

The application is processed in the Regional Office and forwarded to Housing and Home Finance Agency headquarters in Washington. The Housing and Home Finance Agency Administrator then certifies to the F.H.A. Commissioner the number of 221 units needed in the community.

F.H.A., then, publicizes the program and invites applications from builders and lenders. Builders interested in undertaking construction and rehabilitation under this program then apply through mortgage lenders to the appropriate F.H.A. insuring office for commitments to insure loans. F.H.A. may issue such commitments within limits of the number of units certified for the community.

Section 221 housing can be built anywhere in the city limits of the community for which it is certified. Also in an outlying area if that area's government writes to the local F.H.A. office to gain agreement that 221 housing be located within its jurisdiction.

Before issuing commitments, the insuring office in the pre-application stage will discuss with prospective builders or owners acceptability of proposed sites, and unit sizes and sales prices of proposed properties, to determine that there will be a reasonable relationship to the needs and paying ability of typical purchasers. Eligibility of individual borrowers will not be determined prior to formal receipt of applications for mortgage insurance.

Interested families must obtain certificates of eligibility for 221 mortgage insurance from the community government, or the proper agency concerned with displacement. A family presents this certificate to the seller, builder, or lender it chooses in buying a home. Certificate holders also are given priority of opportunity in renting units available under the 221 rental housing program.

Families in urban renewal areas and those displaced as a result of "governmental action" are eligible for 221 housing. This has broad coverage: it takes in families

PART OF II

F.H.A. Section 221

displaced from official urban renewal areas and those leaving voluntarily. It also includes families displaced or to be displaced because of governmental construction such as highways, public buildings, playgrounds, low-rent housing projects; construction by quasi-public bodies such as State universities; code enforcement; eviction of over-income tenants from low-rent public housing projects, etc.

Single-family dwellings, whether newly built, rehabilitated, or existing construction, and multi-family structures of ten or more units, new or proposed for rehabilitation, can be insured under 221.

Restrictions on the sale of 221 housing are: If new, the housing must be held by the builder for 60 days after its completion to permit holders of 221 certificates to buy. Then, he may sell it to anyone under 221 terms. This procedure also applies to an existing property if the builder spends at least 20 percent of the mortgage proceeds to rehabilitate it. An existing dwelling with less than 20 percent rehabilitation must be sold to a displaced family to obtain 221 terms.

The mortgagor for projects of ten or more dwelling units is required to be a non-profit organization whose rents and charges are legally regulated. Rental housing loans also may be 100 percent of appraised value up to \$9,000 per unit (\$12,000 in high-cost areas) with a loan ceiling of \$12,500,000 for any one project. The period of amortization may run for as long as 40 years".

Interested families must obtain certificates of eligibility for 221 mortgage insurance from the community government, or the proper agency concerned with displacement. A family presents this certificate to the seller, builder, or lender it chooses in buying a home. Certificate holders also are given priority of opportunity in renting units available under the 221 rental housing program.

Families in urban renewal areas and those displaced as a result of "governmental action" are eligible for 221 housing.

PART III

HYPOTHETICAL CASE HISTORIES TO DEPICT RELOCATION PROBLEMS WITH WHICH WE MAY HAVE TO CONTEND

CASE #1

The Stevens Family lives in a rented house on Mt. Hope Avenue. The widowed Mrs. Stevens was the proud mother of eight boys and girls, all of whom are still living at home. One of the older girls is the chief support of the family group.

Their house is located on the edge of the Stillwater Park Area. While the house is far from being a luxury dwelling, it is still home for this family group. They are very unhappy at having to move.

For rent, heat and utilities, the Stevens are paying \$100 per month. Where else would a family of nine members strong find accommodations within this price range?

The Stevens now know about F.H.A. Section 221 of the Housing Act, as amended. They know, the Relocation Section of Bangor Urban Renewal Authority is working on their behalf.

In an effort to obtain the support of local financial institutions, the Relocation Section calls a meeting, which is attended by Mortgage Officers from most of the banks. Details of Section 221 are explained. The response should be favorable.

An acceptable house is located. It develops that the property is owned by a Bangor Church Group, which indicates it is willing to sell the property to a deserving family for the sum of \$4,000.

The matter is discussed with a bank and the Relocation Section decides to select a worthy family from their files. At this point, fortune smiles broadly on the Stevens. They are chosen as the family to be relocated through 221 Financing.

The cooperating bank agrees to submit an application to the Federal Housing Administration for a loan. Approximately \$5,000 would have to be spent on renovations in order to meet F.H.A. requirements. In short order, the bank receives a commitment for a \$9,000 mortgage from F.H.A. Then the church group is guided by the bank in

PART III

HYPOTHETICAL CASE HISTORIES TO DEPICT RELOCATION PROBLEMS WITH WHICH WE MAY HAVE TO CONTEND

CASE #1

letting out contracts for repairs, F.H.A. supervises the necessary remodeling and in a matter of weeks the house is stamped as completed and approved.

Closing costs will probably be a minimum of \$240 in this case. The total cost of carrying the expenses of Real Estate Taxes, Interest and Insurance, amounts to \$88 per month.

Section 221 is the quickest way for the relocation of displaced site families.

For rent, heat and utilities, the Stevens are paying \$100 per month. Where else

would a family of nine members strong find accommodations within this price range?

The Stevens now know about F.H.A. Section 221 of the Housing Act, as amended.

They know, the Relocation Section of Bangor Urban Renewal Authority is working on their behalf.

In an effort to obtain the support of local financial institutions, the Relocation Section calls a meeting, which is attended by Mortgage Officers from most of the banks. Details of Section 221 are explained. The response should be favorable.

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PART III

CASE #2

Mr. and Mrs. J. Doakes live within the Park Area. Mr. Doakes is 72, his wife 70. They receive a small railroad retirement check every month supplemented by a part-time job as a janitor in the local junior high school. They average \$40.00 a week between the two incomes. They have no children.

Their dwelling is a four room single-unit structure, having no foundation, no inside toilet, no running water, with outside privy, water supply, and cesspool located dangerously close together. Exterior appearance of the building is very shabby. There is no garage. This family has no car. (In fact, neither individual is able to drive).

Mr. Doakes is not well. It is only a matter of time before Mr. Doakes will not be able to work at all because of health and age.

These people have no savings to speak of. They feel, building a home even with help would be a task not meriting their consideration--due to their age. Low-cost Public Housing or an economical rent would seem to be the only answer to their problem. All standard rent dwellings offered them are not within their means; although, they would like to move into a rented apartment. Keeping up the condition of their present dwelling is becoming an impossible task.

The proposed outline of the Plan for Housing Senior Citizens has been outlined for them. This type of housing appeals. They realize the physical limitations their age has imposed upon them, and their incapacity for any great responsibilities at this late stage in life. The proposed rent for these apartments will fall within their means. All they ask is, "when will this housing be ready to move into?"

PART III

CASE #3

Mr. and Mrs. Jones, along with their four small children, ages six, five, three years and eighteen months, live in the Park Area. Mr. Jones is 26 years old, a construction laborer limited to seasonal employment, depending, in part, upon social security to keep food on the table in winter. Mrs. Jones is a slight and sickly woman plagued by constant illness. Their children are fairly healthy, but underprivileged on the family's small income.

This dwelling is still in a state of construction. It was started five years ago by Mr. Jones and put together with odds and ends of used lumber. The outside is only partly finished. Although, it has a cement foundation, poor construction has resulted in crumbling and sagging concrete. There is an inside flush and a well pump services the house with water, but sewage is dumped into a dilapidated cesspool situated much too close to the water source.

It is very unlikely that this individual will ever have an income steady enough to pay rent in either a private dwelling or some form of Public Housing.

The Urban Renewal Program does allow him to make use of F.H.A.'s Section 220. Although, this dwelling is substandard now, it has possibilities. It could be brought up to a standard condition if an F.H.A. Improvement Loan could be made available.

This family would, also, like to remain within the Renewal Area. With the right breaks, their social status could be improved. Mr. Jones can perform semi-skilled labor but can't get a good job. He is a high school graduate with a technical background. This family could be an asset to the area if their problem is administered properly.

PART III

CASE #4

Mr. Smith is an elderly widower. His sole income is from social security. He is 62 years old. His home is no more than a shanty. It is worth very little in actual cash; hardly worth renovating because it lacks so much. He has a little saved. His personal possessions are few and of little value. His plight is to remain independent and avoid the-erroneously presumed-confines of a low-rent housing project which might allow him residence as a "single-person family".

With the help of a Relocation Staff, or under his own energetic direction, a desirable rent could be obtained from the numerous rental listings available to an individual in his position. This seems to be his desire.

He is completely self-sufficient with no physical infirmities at all. He has his own automobile. All of his children are married, live out of state and pay little or no attention to his well-being. He has shown preference for a room "board-ing-in". This individual will be easy to relocate. A rent such as this is easy to locate in this area.

In either case, early consultation with the appropriate local officials and cooperative effort among investors and builders interested in these renewal opportunities will be important to the success of the project and to the full realization of opportunities for private investment under the renewal program.

Consultation between private participants and the local agency will not only help assure the successful carrying out of the renewal plan, but it will also enable developers and investors to advise the agency on areas that they believe can be successfully rehabilitated, so that they can be considered as possible renewal projects that can be replanned and qualified for Section 220 assistance.

In general, Section 220 adapts to urban renewal requirements the terms authorize for other areas for home mortgage insurance under Section 203, and for multi-family rental housing under Section 207.

PART III

CASE #5

The Brown's case isn't much different than the rest. They are both in their late thirties. Their children--three--are in their teens. Times haven't been too hard on the Browns, but Mr. Brown is unskilled and uneducated. This has limited his field of endeavor. He is employed full time as a stock clerk, at this time, and is working a forty-hour week for a dollar an hour--minimum wages. He has worked week-ends as a landscape gardener to help keep up with bills.

Their home, he built in his spare time, some fifteen years ago. It has no central heating, inside toilet, and sewage runs into a septic tank dangerously close to their water supply, which is a shallow well from which a hand pump draws water into the house. There is no foundation. It rests on concrete posts. The house is neat in appearance as is the lot, but inferior workmanship and no desire to renovate the building will force this family to relocate. Mr. and Mrs. Brown have indicated the desire to acquire a rent in some sort of low-cost Public Housing. With this family's income as low as it is, in a high rent area, and a desire for decent, safe, and reasonable housing in mind, their only hope is some form of low-cost Public Housing because they can't afford to pay more than \$40.00 a month for rent. With such a small income, even this rent is high for such a family, and yet such a rent could be afforded them by Government Mortgaged Low-Cost Public Housing.

Mr. Brown is a veteran of the Second World War. This fact will help his preference.

With little persuasion, the family might be encouraged to apply for an F.H.A. Section 220 or 221 Loan to build a new home. This type of loan would allow them to borrow up to 97% on a low-cost home.

